

# Committee on Ways and Means

Revised first quarter GDP growth of 5.3 percent shows even stronger growth than previously estimated

## GDP revision shows continued strong growth

The Commerce Department on Thursday released a revised estimate of first quarter real Gross Domestic Product (GDP) growth.

- The 5.3 percent growth rate was the strongest growth in two and a half years.
- Growth above 5 percent has only been seen recently in the strongest years of the tech boom of the 1990's.

## Spending by consumers and businesses leads the way

- Much of this growth has been driven by business investment in equipment and software, which grew 13.8 percent.
- Consumer spending on durable goods designed to last three years or more rebounded strongly after falling in the fourth quarter, growing 20.5 percent.

## Trade deficit shows small signs of improvement

- U.S. exports rose 14.7 percent, while import growth slowed to 12.8 percent.
- Strong growth in foreign markets such as Europe and Japan has driven demand for American-made goods. The slight recent decline in the dollar has made U.S. exports more attractive to foreign markets.

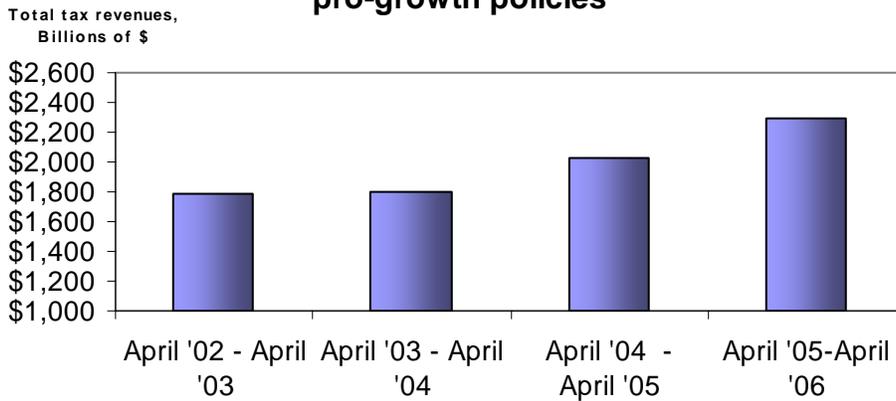
## Tax receipts continue to surge following pro-growth tax relief

- April 2006 was the second highest single month for Federal tax receipts ever.
- Tax receipts were driven by incredibly strong growth in corporate tax receipts, which were 25 percent higher than they were in April of 2005.
- Total tax receipts were up 5.5 percent in 2004, 14.6 percent in 2005, and are up 11 percent so far this year.

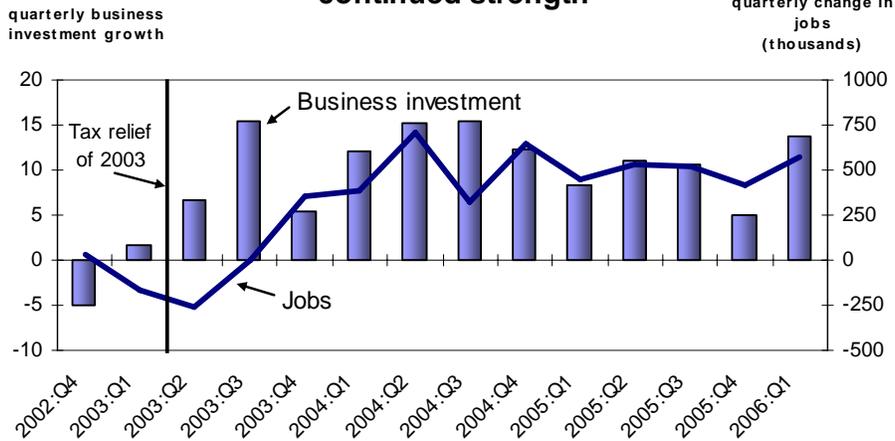
## Inflation pressures rising, but still contained

- The price index for personal consumption, the Federal Reserve's preferred measure of inflation, rose 2 percent in the first quarter.
- This is a moderation from the 2.4 percent growth in the fourth quarter of 2005, and is well below the 25-year historical average of around 3 percent.
- Rising energy prices have contributed to inflation pressures, but have not yet been passed through to the economy at large.

## Tax revenues continue to grow in response to pro-growth policies



## Fundamentals of economic growth show continued strength



## New home sales moderating but still strong

